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In the

Supreme Court of the United States

OCTOBER TERM, 1969

ALOE CREME LABORATORIES, INC.,

Petitioner,

vs.

AMERICAN ALOE CORPORATION,

Respondent.

BRIEF OF AMERICAN ALOE CORPORATION IN OPPOSITION TO PETITION FOR CERTIORARI

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OPINIONS BELOW

The opinion of the District Court is reported at 291 F.Supp. 645. A copy of the decree, findings and conclusions, but not the memorandum opinion of the trial judge, are reproduced in petitioner's appendix [Pet.App.36-58]. The opinion of the Court of Appeals for the Seventh Circuit [Pet.App.21-35] is reported at 420 F.2d 1248 and CCH 1970 Trade Cases ¶73,027.

JURISDICTION

The opinion of the Court of Appeals is dated January 9, 1970. The second petitions for rehearing were denied by the Court of Appeals on February 25, 1970. The petition for a writ of certiorari was filed on April 14, 1970.

QUESTIONS PRESENTED

If certiorari were granted, the question would be whether, considering all the evidence, the Court of Appeals erred in holding that plaintiff was not guilty of trademark infringement.

STATEMENT

Plaintiff brought this lawsuit against defendant on June 1, 1965 for a declaratory judgment that the word "aloe" is generic, for unfair competition, and for restraint of trade and monopolization. In its answer, defendant alleged that it had acquired secondary meaning in aloe, denied the charges of unfair competition, restraint of trade and monopolization, and counterclaimed for trademark infringement and unfair competition.

After a three week trial ending October 6, 1967, the District Court signed substantially all of defendant's Findings of Fact and Conclusions of Law and entered a Decree on September 26, 1968, dismissing plaintiff's complaint, sustaining defendant's counterclaim, and permanently enjoining plaintiff from using the word "aloe" in its product names.

The Court of Appeals for the Seventh Circuit reversed the District Court's finding that plaintiff was guilty of trademark infringement [Pet.App.33]. The Court of Appeals overruled the trial court's finding that defendant was the owner of a registered "ALO- and Design" trademark [Pet.App.33] and concluded that there was a "serious question as to defendant's good faith" in claiming this "trademark" [Pet.App.32]. The Court of Appeals held that the word "aloe" (and "alo") was generic [Pet. App.27].

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The Court of Appeals ruled that while defendant may have acquired valid trademark rights in its combination product names such as ALO-HANDS, these combinations were not infringed [Pet.App.29]. The Court of Appeals ordered remand of the case to permit plaintiff to pursue its unfair competition charge (with respect to defendant's bad faith trademark claims)* and restraint of trade and monopolization charges (with respect to defendant's supply contracts with aloe growers) and to permit defendant to pursue any remaining unfair competition issues which were not based on trademark infringement [Pet.App.33-34].

* Plaintiff is preparing and intends to file a cross-petition for certiorari in which the principal question presented will be whether the Court of Appeals erred in limiting remand on this issue to redetermination under the unfair competition laws, thus depriving plaintiff of the possibility of establishing a violation of the federal antitrust laws.

ARGUMENT

The heart of defendant's Petition is the following:

> The Court of Appeals reached its decision simply by considering the dictionary definition of the word "aloe" and concluding therefrom that no one could obtain trademark rights in such a name, regardless of its success in the marketplace in establishing for itself a secondary meaning of the name. [Pet.9]

Actually, the opinion of the Court of Appeals states plainly and repeatedly that the word "aloe" has *in fact* not lost its genericness [Pet.App.27,28,29,33]. The record in this case not only justifies but requires a finding that the word "aloe" in the market place is generic. Every witness in this case understood that aloe was the common generic name of the main ingredient in the products of defendant, plaintiff, and others.

For example, defendant's vice president, George Crittenton, testified:

> Q. As you were talking, it occurred to me that there were some analogies between aloe and lanolin as a cosmetic, that is, that they are both sold on the basis of an ingredient.
>
> That is what you have been talking about?
>
> A. This is exactly true.
>
> Q. Do you know any other products that are like that on the market today, based [on] another ingredient than those two?
>
> A. Well, I hardly think that this hormones or bees, the Queen Bee Jelly, or any of those things are actually ingredient concepts. There always are a number of things in the hopper that haven't yet been marketed, usually on the part of business corporations. They are waiting for the opportune time. But I can't at the moment think at the cosmetic level

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of anything of any consequence other than lanolin and aloe.

Q. But would you say that the promotion of the two products, that is, lanolin and aloe, has grown along similar lines?

A. Not as rapidly. The interest appeal is similar, yes.

Q. Which one has grown less rapidly?

A. Aloe.

* * *

(Crittenton, T 1063-1064)*

A. . . . [N]o smart manufacturer is hanging his hat on just an ingredient concept. It is a big factor because, as I say, people become acquainted with a product.

Q. With the ingredient, you mean?

A. That is right. And obviously, aloe, as such, is in most instances a very strong guiding factor in their desire to try the product.

(Crittenton, T 1092, 1093)

* * *

Q. What do you think is the cause of this confusion?

A. Well, I think that aloe is a relatively new ingredient concept. The advertising level has not reached a point where there can be any really clarified difference between the products.

(Crittenton, T 1090)

* * *

Q. And is this just as exciting to you as the lanolin concept was back in the 1950's, I believe it was? I think you mentioned that in your prior—

A. Yes, I did mention that because it was exciting with lanolin, Lanolin Plus. We could not say "lanolin". We had to say "Lanolin Plus".

Q. Why is that?

---

*Record references include the witness's name and the appropriate page in the trial transcript ("T").

A. Well, lanolin is generic. Now this is our reason for going to Lanolin Plus, but that is unimportant. The fact is that the ingredient concept of lanolin was great, but this is far greater. . . .

(Crittenton, T 1076-1077)

* * *

Q. You bring up an interesting point, Mr. Crittenton. *What does the term, "Alo-cosmetics" mean to you when I say that I spell it A-L-O dash cosmetics?*

A. *Well, it is descriptive of the product.*

Q. Which product is that, the products of aloe vera leaves?

A. You see we have a corporate name of Aloe Creme Laboratories, Inc.

Q. Right.

A. And we also have ALO-Cosmetics. Now the words, "ALO-Cosmetics," means to me—this is the way I think about it—*that it is descriptive of the ingredient concept that makes us different from any other cosmetic line.*

Q. But you wouldn't be different from House of Aloe in that regard, would you?

A. Well, this is something I wouldn't have an opinion on. (Emphasis added).

(Crittenton T 1067-1068)

Defendant's president, Rodney Stockton, testified:

Q. In the same way that lanolin was sold as an ingredient concept, or are there differences between aloe and lanolin?

A. Well, yes, there's quite a bit of difference. You cannot sell lanolin in almost as pure form, it cannot be used, either medically or cosmetically.

Q. Whereas aloe you can?

A. Right, but aloe you can. And with lanolin, you can only put in—Well, I think if you get over one percent, you're running into a sticky problem.

(Stockton deposition, Nov. 8, 1966, p. 64, R. 4111)

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In prior litigation, Stockton testified:

Q.15 Did you create the trademark Alo Creme?

A. Yes, sir, we did.

Q.16 How did you happen to choose this trademark?

A. Well, when we first developed the product out of the Aloe Vera gel we were looking for a name that would be easily pronounced not only in this country but in any other country, and the Aloe plant is grown and is known to a lot of other countries other than just the United States here. And we felt that there was no reason, since our product was made out of the Aloe Vera Gel that we did not carry the name Aloe along in our trademark name. So therefore, we trademarked the name Aloe [Alo-] Creme.

Q.17 Now you refer to the Aloe gel from the Aloe plant; what is gel, a part of the plant?

A. Gel is the succulent substance in the leave of the plant.

Q.18 And is this plant that you call Aloe also referred to as the Aloe Vera plant?

A. Yes, sir, the Aloe Vera means true aloe.

* * *

Q.84 You stated that you selected Aloe [Alo-] Creme, I believe, because your product contained a substance from Aloe Vera?

A. That's true.

Q.85 In other words, you wanted to describe it as containing Aloe Vera?

A. That is the healing ingredient of it.

Q.86 That's why you selected that name?

A. Yes, sir, it has a resemblance of the Aloe plant.

Q.87 In other words, the aloe [alo] was merely a phonetical equivalent of the Aloe Vera?

A. Yes, it is a part of the Aloe Vera term.

(PX-252A, p. 13, 29-30; T 2509-2540)

* * *

"Q. And [does] your experience go into calling on stores in the trade?

A. As director of sales of the company, we certainly have checked this with our trade, not only the retailer, but the wholesaler, and we also have hundreds and hundreds of testimonial letters that people send in and they use the words 'ALO-CREME' and they refer to it as the gel from the aloe vera plant."

(Stockton, T 42)

Defendant's retailers who were called to "prove" secondary meaning in aloe understood perfectly well what "aloe" meant. They testified as follows:

Q. Do you feel there was a similarity in the packaging of the two companies?

A. No, it wasn't that much of a similarity in packaging, but the name.

Q. What name was that?

A. Well, don't forget, the customers don't come in and ask for anything with a long technical name. *They come in and ask for "Aloe."*

How does the girl know, when you have got two aloes, behind the counter, which one the customer wants. (Emphasis added).

** ** ** (Jones, T 1946-1947)

Q. When you were handling the products of both companies, how did you determine which products—the products of which company the customer desired?

A. Well, being a cosmetician, you have to sell what you have in the store. I would, if I knew the customer, and I knew they were definitely an Aloe Creme customer, then I would sell that.

But if they asked for an aloe cleanser, I would mention that there was the Royal House of Aloe and Aloe Creme Laboratories, and ask what one would they like. Usually, there was a surprised look that there were two companies handling it.

* * *

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Q. What is the main ingredient in the products of Aloe Creme Laboratories?

A. The gel from the aloe plant.

** ** ** (Torsberg, T 1794-1795, 1797)

Q. In fact, the ALO-FACE and ALO-BODY that I believe you just described—the ALO—A-L-O hyphen FACE and A-L-O hyphen BODY—*the word "ALO" there describes the gel from the aloe plant, does it not?*

A. *Well, I would say yes.* (Emphasis added)

** ** ** (Balmes, T 2030-2031)

Q. Mrs. Porter, what is an aloe?

A. *Well, an aloe is a plant; aloe vera, the product it comes from, as far as my understanding.* (Emphasis added).

** ** ** (Porter, T 2255)

Q. Well, I take that the spoken word—as far as the spoken word is concerned, A-L-O-E and A-L-O are identical. They are pronounced the same.

A. Right.

Q. As far as the A-L-O-E, in the written word, what does that describe?

A. *That refers to the aloe plant.*

* * *

Q. Right, but you have no doubt, I take it, that the word "aloe" does describe the ingredient used in their product; is that correct?

A. Well, *the word, "aloe" is for the plant and the ingredients of the plant are used in the product.*

Q. Right, and that, I say, without regard to spelling, the word, "aloe", just as you hear it, refers to the plant?

A. No, it refers to the cosmetics. Spoken, it refers to the cosmetics.

Q. Right, *and the term, as it refers to the cosmetics, describes the ingredient that is in the cosmetics?*

Is the answer yes?

A. *Yes.*

Q. I believe this has been asked. You do not carry any other aloe products?

A. No, sir. (Emphasis added).

** ** ** (Klybert, T 2267, 2270)

Q. Mrs. Leonardy, in the trade, in the cosmetics trade, what does the word, "aloe," mean?

A. It means the gel of the aloe plant to me.

Q. What does—

A. A product that is made from the gel of the aloe.

Q. Yes, *what does an aloe product mean?*

A. *House of Aloe, naturally, because this is the one I have. If I had another line, Shulton or whatever, I would think it applied to that.*

Q. I see.

The Court: What you mean to say is, as far as you are concerned, there is—

The Witness: *When they ask for aloe cleanser, we give them what we have and whatever else a customer asks for, if it is Shulton's Aloe, we would take Shulton's Aloe off the shelf.* (Emphasis added).

** ** ** (Leonardy, T 2372-2373)

It is no wonder that aloe could not and has not in fact lost its genericness. Defendant admittedly sells its products on an "ingredient concept" basis, informing its salesmen, and thereby the public, that "ALO-" is "the wonder working ingredient" and that defendant's face cream ALO-FACE is "the only cosmetic with a *proven, effective ingredient*—ALO-" [PX-2, T 27-28, 33-34]. The Court of Appeals properly determined that "The defendant here cannot seek to promote its products by stressing the active ingredient which is available to all and also claim that the only proper name of that ingredient has lost its primary generic significance" [Pet.App.22]. Every

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advertisement put out by the defendant emphasizes that its products contain a high percentage of aloe gel. (Both parties testified that several of their respective products contain 50% or more aloe and that each makes a product in the 90% aloe range.) Moreover, Helene Collins and Henry McCarty, who sold aloe products prior to defendant's existence, similarly emphasized the aloe content in their labels and advertising for "COLLINS ALOE SKIN CREME" [PX-82, T288, 318-320] and "TRUE ALOE LIQUID" [PX-211, T 959-962, 981].

Having properly determined the primarily generic significance of the word "aloe" in the market place, the Court of Appeals applied the well settled legal principle set forth in *Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. 111 (1938). Under *Kellogg*, a word which is found to refer to the product, rather than primarily to the producer, has not acquired secondary meaning.

Although defendant wholly ignores this point in its Petition, the Court of Appeals also held that defendant did not own a registered ALO- and Design trademark. Defendant listed ALO- and Design as a federally registered trademark in its Statement of the Case [Pet.4]. Defendant made this claim in the market place and in the trial court, in support of its overall claim of exclusive trademark rights in "ALO-" and "ALOE". In painstaking fashion, the Court of Appeals thoroughly exposed defendant's misrepresentation here and ordered remand in light of the "serious question as to defendant's good faith" in making this claim [Pet.App.30-33]. Since defendant's lie about ALO- and Design was told to hundreds of retailers [Pet.App.33], the Court of Appeals properly concluded that defendant was guilty of unclean hands and knowing misuse of Registration No. 804,536,

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which is a registration for Queen Nefertiti ALO and Design (with ALO and the design disclaimed), and not for ALO- and Design [Pet.App.30].

In the instant case, the trial court reached a clearly erroneous result in granting defendant an exclusive on the word "aloe" and thereby finding plaintiff guilty of trademark infringement. The Court of Appeals for the Seventh Circuit corrected that error. In a lawsuit brought after the instant case in the U.S. District Court in Miami, Florida, the trial court held that defendant had not acquired secondary meaning in "Alo" or "Aloe" and that its combination marks were not infringed by a competing aloe producer's use of "Aloe" or "Alo". The Court of Appeals for the Fifth Circuit affirmed [Pet.App.1-11].

Defendant has now lost twice on the same factual issue in two different cases before two different courts of appeal. There is simply no reason why this Court should grant another appellate review on the same fact issue, particularly for the benefit of a company which threatened infringement actions against retailers based upon a non-existent Patent Office registration.

CONCLUSION

For all of the above reasons, the Petition of defendant, Aloe Creme Laboratories, Inc., should be denied.

Respectfully submitted,

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